

**ND TEACHERS FUND FOR RETIREMENT
INVESTMENT PERFORMANCE REPORT AS OF OCTOBER 31, 2006**

	October-06				September-06				Current	Prior Year	3 Years	5 Years
	Allocation		Month		Allocation		Quarter		Fiscal YTD	FY06	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2006 Net	6/30/2006 Net
LARGE CAP DOMESTIC EQUITY												
<i>Structured Growth</i>												
LA Capital	77,092,036	4.3%	4.2%	4.52%	73,859,973	4.2%	4.2%	1.81%	6.41%	11.88%	N/A	N/A
Total Structured Growth	77,092,036	4.3%	4.2%	4.52%	73,859,973	4.2%	4.2%	1.81%	6.41%	11.88%	12.99%	0.19%
Russell 1000 Growth				3.52%				3.94%	7.59%	6.12%	8.34%	-0.77%
<i>Structured Value</i>												
LSV	77,474,307	4.3%	4.2%	3.49%	75,781,744	4.3%	4.2%	4.48%	8.12%	15.93%	21.06%	12.29%
Russell 1000 Value				3.27%				6.22%	9.70%	12.10%	15.70%	6.89%
<i>Enhanced Russell 1000 Index</i>												
LA Capital	73,315,193	4.1%	3.9%	3.82%	70,714,973	4.0%	3.9%	3.51%	7.46%	12.49%	12.73%	3.75%
Russell 1000				3.40%				5.06%	8.62%	9.08%	12.05%	3.12%
<i>Enhanced S&P 500 Index</i>												
Northern Trust	74,341,212	4.1%	3.9%	3.16%	72,163,906	4.1%	3.9%	6.56%	9.93%	9.33%	11.32%	2.81%
Westridge	83,234,199	4.6%	4.2%	3.29%	80,688,611	4.6%	4.2%	5.68%	9.16%	8.80%	11.46%	2.80%
Wells Capital	49,293,590	2.7%	2.8%	5.32%	46,137,325	2.6%	2.8%	1.21%	6.60%	N/A	N/A	N/A
Franklin	50,394,508	2.8%	2.8%	4.03%	48,512,118	2.8%	2.8%	N/A	N/A	N/A	N/A	N/A
Total Enhanced S&P 500 Index	257,263,509	11.5%	10.9%	3.78%	247,501,961	11.4%	10.9%	5.15%	9.12%	8.58%	11.40%	2.76%
S&P 500				3.26%				5.67%	9.11%	8.63%	11.22%	2.49%
<i>S&P 500 Index</i>												
State Street	33,328,377	1.9%	2.0%	3.78%	32,160,003	1.8%	2.0%	5.79%	9.79%	9.62%	11.55%	2.70%
S&P 500				3.26%				5.67%	9.11%	8.63%	11.22%	2.49%
TOTAL LARGE CAP DOMESTIC EQUITY	518,473,422	28.8%	28.0%	3.85%	500,018,655	28.6%	28.0%	4.32%	8.33%	10.93%	13.21%	3.86%
S&P 500				3.26%				5.67%	9.11%	8.63%	11.22%	2.49%
SMALL CAP DOMESTIC EQUITY												
<i>Manager-of-Managers</i>												
SEI	134,250,675	7.5%	7.2%	5.47%	127,273,776	7.3%	7.2%	-0.01%	5.45%	13.56%	18.31%	8.00%
Russell 2000 + 200bp				5.92%				0.94%	6.92%	16.86%	21.06%	10.71%
Callan	51,970,219	2.9%	2.8%	5.20%	49,407,572	2.8%	2.8%	-0.91%	4.24%	N/A	N/A	N/A
Russell 2000				5.76%				0.44%	6.22%			
TOTAL SMALL CAP DOMESTIC EQUITY	186,220,894	10.3%	10.0%	5.39%	176,681,347	10.1%	10.0%	-0.27%	5.11%	13.40%	18.25%	7.97%
Russell 2000				5.76%				0.44%	6.22%	14.58%	18.70%	8.50%
INTERNATIONAL EQUITY												
<i>Large Cap - Core</i>												
State Street	33,115,136	1.8%	1.8%	4.66%	31,628,832	1.8%	1.8%	3.40%	8.22%	27.85%	20.61%	6.87%
MSCI EAFE (1)				3.89%				3.93%	7.97%	26.56%	20.76%	5.94%
<i>Large Cap - Active</i>												
Capital Guardian	98,862,558	5.5%	5.4%	3.83%	95,170,518	5.4%	5.4%	4.95%	8.97%	28.01%	21.32%	6.58%
LSV	97,361,169	5.4%	5.4%	3.80%	93,717,230	5.4%	5.4%	5.93%	9.96%	27.77%	N/A	N/A
Bank of Ireland	32,247,484	1.8%	1.8%	3.82%	31,041,174	1.8%	1.8%	3.02%	6.95%	22.00%	19.16%	N/A
Total Large Cap - Active	228,471,211	12.7%	12.6%	3.81%	219,928,922	12.6%	12.6%	5.09%	9.10%	27.11%	21.84%	7.14%
MSCI EAFE - 50% Hedged				3.38%				4.87%	8.42%	26.72%	22.56%	6.89%
<i>Small Cap - Active</i>												
Lazard	31,788,925	1.8%	1.8%	5.15%	30,211,423	1.7%	1.8%	1.38%	6.60%	25.04%	29.34%	N/A
Wellington	30,932,073	1.7%	1.8%	2.23%	30,242,090	1.7%	1.8%	3.21%	5.52%	23.35%	25.26%	N/A
Total Small Cap - Active	62,720,998	3.5%	3.6%	3.69%	60,453,513	3.5%	3.6%	2.29%	6.06%	24.18%	27.28%	N/A
Citigroup Broad Market Index < \$2BN				3.40%				1.55%	5.00%	29.21%	32.38%	N/A
TOTAL INTERNATIONAL EQUITY	324,307,345	18.0%	18.0%	3.88%	312,011,267	17.8%	18.0%	4.36%	8.41%	26.61%	22.77%	8.74%
MSCI EAFE - 50% Hedged				3.38%				4.87%	8.42%	26.72%	22.56%	6.89%
EMERGING MARKETS EQUITY												
<i>Core</i>												
JP Morgan	16,928,325	0.9%	0.9%	5.13%	16,093,208	0.9%	0.9%	7.76%	13.29%	N/A	N/A	N/A
PanAgora	14,223,374	0.8%	0.9%	4.72%	13,577,332	0.8%	0.9%	4.96%	9.92%	N/A	N/A	N/A
WestLB	14,440,495	0.8%	0.0%	5.03%	13,762,287	0.8%	0.0%	2.94%	8.12%	N/A	N/A	N/A
UBS	25,636,363	1.4%	1.5%	4.48%	24,520,969	1.4%	1.5%	4.67%	9.36%	N/A	N/A	N/A
Total Core	71,228,558	4.0%	4.1%	4.79%	67,953,795	3.9%	4.1%	5.09%	10.13%	35.59%	32.44%	18.61%
MSCI Emerging Markets				4.75%				5.01%	10.00%	35.91%	22.39%	12.89%
<i>Small Cap</i>												
DFA	16,343,197	0.9%	1.0%	7.46%	15,197,509	0.9%	1.0%	8.53%	16.63%	N/A	N/A	N/A
MSCI Emerging Markets				4.75%				5.01%	10.00%			
TOTAL EMERGING MARKETS EQUITY	87,571,756	4.9%	5.0%	5.28%	83,151,303	4.8%	5.0%	5.71%	11.28%	34.40%	32.05%	18.40%
MSCI Emerging Markets				4.75%				5.01%	10.00%	35.91%	34.76%	21.54%
DOMESTIC FIXED INCOME												
<i>Core Bond</i>												
Western Asset	25,366,864	1.4%	1.5%	0.83%	25,156,072	1.4%	1.5%	4.29%	5.16%	-1.15%	2.65%	5.96%
Lehman Aggregate				0.66%				3.81%	4.49%	-0.81%	2.05%	4.97%
<i>Index</i>												
Bank of ND	46,816,809	2.6%	3.0%	0.54%	46,610,848	2.7%	3.0%	3.77%	4.32%	-1.37%	1.53%	5.24%
Total Index	46,816,809	2.6%	3.0%	0.54%	46,610,848	2.7%	3.0%	3.77%	4.32%	-0.69%	2.10%	5.27%
Lehman Gov/Credit				0.63%				3.91%	4.57%	-1.52%	1.60%	5.13%
<i>Convertibles</i>												
TCW (2)	21	0.0%	0.0%	N/A	21,861,743	1.2%	1.5%	2.85%	N/A	4.54%	6.78%	1.15%
Calamos	22,377,574	1.2%	1.5%	2.55%	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Total Convertibles	22,377,594	1.2%	1.5%	2.55%	21,861,743	1.2%	1.5%	2.85%	5.48%	4.54%	6.78%	1.15%
Merrill Lynch All Convertibles (3)				2.59%				2.79%	5.44%	9.37%	8.01%	4.94%

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	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2006 Net	6/30/2006 Net
BBB Average Quality												
Wells Capital	25,302,884	1.4%	1.5%	0.95%	25,085,607	1.4%	1.5%	4.58%	5.57%	-2.70%	3.36%	5.51%
<i>Lehman BBB</i>				0.89%				4.80%	5.73%	-2.37%	2.39%	6.10%
Private Debt												
Prudential	25,310,257	1.4%	1.5%	0.67%	25,160,894	1.4%	1.5%	3.84%	4.54%	-0.13%	N/A	N/A
<i>Lehman Aggregate</i>				0.66%				3.81%	4.49%	-0.81%	N/A	N/A
Timberland												
TIR - Tereido (4)	18,274,763	1.0%	1.0%	2.31%	17,901,041	1.0%	1.0%	-0.19%	2.12%	-1.44%	7.62%	N/A
TIR - Springbank	37,355,850	2.1%	2.1%	-0.22%	37,499,614	2.1%	2.1%	-0.06%	-0.27%	13.53%	N/A	N/A
Total Timberland	55,630,614	3.1%	3.1%	0.60%	55,400,655	3.2%	3.2%	-0.10%	0.50%	9.43%	20.37%	N/A
<i>NCREIF Timberland Index</i>				1.15%				3.49%	4.68%	19.69%	13.94%	N/A
TOTAL DOMESTIC FIXED INCOME	200,805,022	11.2%	12.0%	0.88%	199,275,819	11.4%	12.0%	2.67%	3.58%	3.12%	8.91%	8.14%
<i>Lehman Aggregate</i>				0.66%				3.81%	4.49%	-0.81%	2.05%	4.97%
HIGH YIELD BONDS												
Core												
Loomis Sayles	62,877,969	3.5%	3.5%	1.91%	61,711,006	3.5%	3.5%	4.85%	6.85%	4.74%	N/A	N/A
Sutter/Wells Capital	61,296,464	3.4%	3.5%	1.34%	60,745,822	3.5%	3.5%	2.84%	4.22%	4.70%	N/A	N/A
Total Core	124,174,433	6.9%	7.0%	1.63%	122,456,828	7.0%	6.9%	3.84%	5.53%	4.72%	5.70%	3.38%
<i>LB High Yield 2% Issuer Contstrained Index</i>				1.36%				3.76%	5.18%	4.38%	N/A	N/A
Mezzanine Debt												
Goldman Sachs	877,251	0.0%	0.0%	0.00%	877,251	0.1%	0.1%	0.00%	0.00%	N/A	N/A	N/A
TOTAL HIGH YIELD BONDS	125,051,684	6.9%	7.0%	1.61%	123,334,079	7.1%	7.0%	3.82%	5.50%	4.72%	8.34%	7.47%
<i>LB High Yield 2% Issuer Contstrained Index</i>				1.36%				3.76%	5.18%	4.38%	8.48%	8.60%
INTERNATIONAL FIXED INCOME												
International Sovereign												
UBS Global (Brinson)	41,955,154	2.3%	2.5%	1.06%	41,207,276	2.4%	2.5%	-0.15%	0.91%	0.13%	5.24%	9.99%
<i>Citigroup Non-US Gov't Bond Index (5)</i>				1.07%				0.89%	1.97%	-0.11%	5.01%	9.58%
International Core												
Brandywine	42,722,484	2.4%	2.5%	1.79%	42,234,824	2.4%	2.5%	1.93%	3.76%	3.89%	8.39%	N/A
<i>Lehman Global Aggregate (ex-US)</i>				1.16%				1.13%	2.30%	3.83%	5.69%	N/A
TOTAL INTERNATIONAL FIXED INCOME	84,677,638	4.7%	5.0%	1.43%	83,442,100	4.8%	5.0%	0.89%	2.34%	2.01%	6.82%	10.91%
<i>Citigroup Non-US Gov't Bond Index (5)</i>				1.07%				0.89%	1.97%	0.00%	5.05%	9.60%
REAL ESTATE												
INVESCO	85,962,764			0.00%	86,942,637			1.55%	1.55%	23.84%	17.33%	12.38%
J.P. Morgan Strategic & Special Funds	87,554,916			1.00%	87,890,846			4.36%	5.41%	21.05%	17.14%	12.52%
J.P. Morgan Alternative Property Fund	21,085,540			0.00%	19,254,475			-2.82%	-2.82%	N/A	N/A	N/A
TOTAL REAL ESTATE	194,603,220	10.8%	9.0%	0.45%	194,087,958	11.1%	9.0%	2.40%	2.86%	22.09%	17.09%	12.36%
<i>NCREIF TOTAL INDEX</i>				1.16%				3.51%	4.71%	18.22%	15.63%	12.19%
ALTERNATIVE INVESTMENTS												
Brinson IVCF III	375,118			0.00%	694,580			12.77%	12.77%	26.32%	19.53%	18.00%
Coral Partners V	3,537,065			0.00%	4,920,599			-0.31%	-0.31%	8.74%	-15.32%	-24.06%
Coral Partners V - Supplemental	430,507			0.00%	446,803			-0.70%	-0.70%	10.53%	10.33%	N/A
Coral Partners VI	7,339,589			0.00%	7,558,568			-0.08%	-0.08%	-6.22%	N/A	N/A
Brinson 1998 Partnership Fund	1,035,337			0.00%	1,035,674			4.03%	4.03%	16.52%	15.11%	1.97%
Brinson 1999 Partnership Fund	2,569,401			0.00%	2,570,238			8.99%	8.99%	14.27%	12.72%	-1.26%
Brinson 2000 Partnership Fund	6,002,257			0.00%	6,004,214			4.86%	4.86%	28.22%	17.90%	3.70%
Brinson 2001 Partnership Fund	4,274,169			0.00%	4,275,562			8.12%	8.12%	19.85%	9.95%	3.22%
Brinson 2002 Partnership Fund	2,539,175			0.00%	2,540,003			9.58%	9.58%	32.42%	13.22%	N/A
Brinson 2003 Partnership Fund	665,016			0.00%	665,233			3.05%	3.05%	25.48%	6.77%	N/A
Total Brinson Partnership Funds	17,085,355			0.00%	17,090,924			6.74%	6.74%	23.26%	14.60%	N/A
Brinson 1999 Non-US Partnership Fund	703,201			0.00%	965,127			16.69%	16.69%	40.48%	30.98%	18.60%
Brinson 2000 Non-US Partnership Fund	1,688,582			0.00%	1,689,133			26.11%	26.11%	35.03%	21.65%	13.01%
Brinson 2001 Non-US Partnership Fund	2,124,431			0.00%	2,125,124			7.27%	7.27%	27.25%	17.46%	8.96%
Brinson 2002 Non-US Partnership Fund	2,543,000			0.00%	2,854,799			17.05%	17.05%	38.11%	22.66%	N/A
Brinson 2003 Non-US Partnership Fund	2,175,200			0.00%	1,847,325			21.45%	21.45%	31.08%	8.89%	N/A
Brinson 2004 Non-US Partnership Fund	848,194			0.00%	685,178			-0.77%	-0.77%	24.56%	N/A	N/A
Total Brinson Non-US Partnership Fund	10,082,610			0.00%	10,166,686			16.59%	16.59%	33.66%	21.76%	N/A
Brinson BVCF IV	10,111,540			0.00%	9,128,089			9.17%	9.17%	31.35%	19.07%	0.41%
Adams Street Direct Co-investment Fund	1,049,922			0.00%	1,105,766			N/A	N/A	N/A	N/A	N/A
Matlin Patterson Global Opportunities	6,623,035			0.00%	6,625,194			-5.52%	-5.52%	-11.68%	26.48%	N/A
Matlin Patterson Global Opportunities II	14,576,074			0.00%	12,185,368			0.71%	0.71%	-0.85%	N/A	N/A
InvestAmerica	3,142,727			0.00%	3,143,751			30.21%	30.21%	0.00%	-9.20%	N/A
Hearthstone MSII	245,238			0.00%	76,059			0.00%	0.00%	-100.00%	-100.00%	-100.00%
Hearthstone MSIII	2,258,751			0.00%	177,675			38.24%	38.24%	59.61%	N/A	N/A
Quantum Resources	730,301			N/A	-			N/A	N/A	N/A	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (6)	77,587,831	4.3%	5.0%	0.00%	73,320,063	4.2%	5.0%	6.22%	6.22%	11.11%	10.45%	-2.11%
CASH EQUIVALENTS												
Northern Trust STIF/STEP	519,998	0.0%	1.0%	0.45%	4,094,076	0.2%	1.0%	1.34%	1.80%	4.31%	2.64%	2.41%
<i>90 Day T-Bill</i>				0.38%				1.33%	1.71%	4.00%	2.37%	2.25%
TOTAL FUND	1,799,818,811	100.0%	100.0%	2.92%	1,749,416,667	100.0%	100.0%	3.42%	6.44%	14.79%	15.79%	7.67%
POLICY TARGET BENCHMARK				2.67%				4.16%	6.95%	13.17%	14.32%	6.67%

NOTE: Monthly returns and market values are preliminary and subject to change.

- (1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.
- (2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.
- (3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.
- (4) Prior to June 1, 2006, the Tereido properties were under the management of RMK.
- (5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

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Allocation		Month		Allocation		Quarter					
Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	Net	Net

(6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.